

Message Text

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ACTION AF-10

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FM AMCONSUL CAPE TOWN

TO SECSTATE WASHDC 6196

INFO AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

AMEMBASSY PRETORIA

USMISSION USUN NEW YORK

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E.O. 11652: N/A

TAGS: SF, US, ECON

SUBJECT: ACTION BY US FIRMS UNDER LABOR GUIDELINES

1. SUMMARY: IN MEETING WITH AMBASSADOR ON JUNE 2 HEADS OF SIX SUBSIDIARIES INDICATED THAT STATEMENT OF PRINCIPLES GENERALLY REFLECTED POLICIES THEY WERE ALREADY FOLLOWING AND HAD NOT RESULTED IN SIGNIFICANT CHANGE. THEY ARE UNANIMOUSLY OPPOSED TO GIVING PUBLICITY TO PROGRESSIVE LABOR MEASURES. THEY REPORT THAT LABOR MINISTER HAS ENCOURAGED THEIR EFFORTS TO REMOVE DISCRIMINATION. END SUMMARY.

2. AMBASSADOR MET JUNE 2 WITH SENIOR OFFICERS OF SIX US-OWNED SUBSIDIARIES IN JOHANNESBURG AREA WHICH WERE AMONG ELEVEN ORIGINAL SIGNATORIES OF STATEMENT OF PRINCIPLES ("SULLIVAN MANIFESTO"). PURPOSE WAS TO ASCERTAIN WHAT PROGRESS BEING MADE, TO OFFER EMBASSY SUPPORT AND TO OBTAIN VIEWS ON NEED FOR COORDINATION AMONG ALL SIGNATORIES. FIRMS REPRESENTED WERE UNION CARBIDE, IBM, INTERNATIONAL HARVESTER, LIMITED OFFICIAL USE

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AMERICAN CYANAMID, 3M, AND CITIBANK. THREE OF THOSE PRESENT WERE US CITIZEN AND THREE SOUTH AFRICANS. IBM SAYS IT INFORMED BY HEAD OFFICE THAT TOTAL OF 23 FIRMS HAVE NOW SUBSCRIBED TO GUIDELINES. HOWEVER, SINCE THIS STEP REQUIRES NO FORMAL ACTION, ONLY ANNOUNCEMENT BY FIRM, THEIR LIST IS NOT NECESSARILY COMPLETE. (WOULD APPRECIATE LIST OF FIRMS KNOWN BY DEPT TO HAVE SUBSCRIBED.)

3. PROGRESS: ALL FIRMS SAID THEY WERE WORKING TO MEET AIMS OF GUIDELINES WITH RESPECT TO FACILITIES, TRAINING, EQUAL PAY, AND IN SOME CASES EDUCATION OF CHILDREN AND HOUSING. SOME, LIKE IBM, SAID THEY HAD EFFECTIVELY ACHIEVED THESE AIMS. UNION CARBIDE POINTED OUT THAT ITS CONDITIONS WERE DIFFERENT, WITH 7000 BLACKS, MOSTLY UNSOPHISTICATED WORKERS IN REMOTE MINERAL EXTRACTION OPERATIONS. SAID FRANKLY AT THIS STAGE IT IS ONLY MOVING TOWARDS GOALS SET OUT IN GUIDELINES. FIRMS IMPLIED THEY WERE PROCEEDING AS BEFORE, I.E., NONE CLAIMED NEW INITIATIVES UNDERTAKEN STRICTLY AS RESULT OF GUIDELINES.

4. PUBLICITY: ALTHOUGH AMBASSADOR EXPLAINED ADVANTAGES OF SECURING PUBLIC CREDIT FOR ACTIONS TAKEN UNDER GUIDELINES, THE FIRMS ARE ALL OPPOSED TO PUBLICITY. THEY FEEL THEIR ACTIONS ARE INEVITABLY MISREPRESENTED IN PRESS (ALTHOUGH SOME COMPLAINED ABOUT US PRESS AND OTHER ABOUT SOUTH AFRICAN), THAT BLACK EMPLOYEES ARE SUSPICIOUS OF MOTIVES IF PUBLICITY SOUGHT, AND WHITE EMPLOYEES LIABLE TO BE RESENTFUL UNLESS CHANGES INTRODUCED QUIETLY. FIRMS ALSO OBJECT TO BEING SINGLED OUT FROM SA AND OTHER FOREIGN FIRMS WHICH ALSO LIBERALIZING LABOR PRACTICES, IN MANY CASES AHEAD OF US.

5. COORDINATION: FIRMS SAY THEY COMPARE NOTES, OFTEN SURVEY OTHERS WHEN PLANNING TO INTRODUCE NEW BENEFITS, WAGE RATES, ETC., BUT APPARENTLY NOT MEETING REGULARLY NOR IS THERE A SYSTEM FOR CONTACTING NEW ADHERENTS. DID NOT INDICATE EMBASSY ROLE DESIRED. SAID FRIENDS OF USALEP WHICH MEETS 4-5 TIMES A YEAR GIVES OPPORTUNITY TO EXCHANGE VIEWS AND AMERICAN LIMITED OFFICIAL USE

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CHAMBER OF COMMERCE, IF FORMED, WOULD BE ANOTHER VENUE.

6. AMENITIES: MOST FIRMS APPEAR TO HAVE ELIMINATED SEGREGATION OF TOILETS AND EATING FACILITIES, AT LEAST NOMINALLY. THIS MEANS THAT SIGNS HAVE BEEN TORN DOWN BUT RACES GENERALLY FOLLOW FORMER PATTERN. IN CASE OF WHITE DINING ROOM, BLACKS NOT FORMALLY BARRED BUT INVARIABLY GO TO REGULAR EATING PLACE WHERE THEY FEEL AT HOME AND MEALS MUCH MORE HEAVILY SUBSIDIZED.

7. TRAINING: MOST FIRMS SAY THEY ARE WORKING ACTIVELY TO UPGRADE NON-WHITE STAFFS. IBM, WHICH IS PROBABLY IN LEAD, SAYS COSTS ARE INORDINATELY HIGH, R50,000 ANNUALLY FOR 50 PEOPLE. IT SPONSORS COURSES IN TYPING WITH ONLY 4-5 STUDENTS WHERE OPENINGS EXIST FOR 20, BECAUSE SO FEW HAVE ADEQUATE PRIOR EDUCATION. SOME FIRMS CONCENTRATING ON HELP TO CHILDREN OF EMPLOYEES STARTING AT AGE 10-12 FOR THIS REASON. (IN REPLY TO AMBASSADOR'S QUESTION, FIRMS SAID THEY WOULD REPLY ON NONATtribution BASIS TO A SURVEY OF WHAT ACTIONS THEY TAKING IN TRAINING/EDUCATION FIELD.)

8. HOUSING: LOAN ASSISTANCE BEING OFFERED IN SOME CASES TO BUILD OR TO LEASE HOUSES NOW BEING RENTED. ONE FIRM REPORTED COMPLAINT FROM WHITE STAFF AT REVERSE DISCRIMINATION. ANOTHER FIRM IS IN AN AREA WHERE 30-YEAR LEASE SYSTEM NOT OPERATIVE.

9. SA GOVERNMENT ATTITUDES: FIRMS REPORT HIGH LEVEL SA OFFICIALS, INCLUDING LABOR MINISTER BOTHA, HAVE HELD MEETINGS WITH HEADS OF COMPANIES AT WHICH THEY HAVE EXPRESSED STRONG SUPPORT FOR THEIR EFFORTS TO IMPROVE CONDITIONS AND EQUALIZE WAGE SCALES, AND WILLINGNESS TO HELP IF RUN AFOUL OF LEGISLATION OR MINOR OFFICIALS. THEY HAVE BEEN TOLD LIBERALIZING LEGISLATION WILL BE INTRODUCED THIS SESSION.

10. FIRMS ADD THAT, NO MATTER HOW MUCH COOPERATION THEY PROMISED AT TOP, THEY STILL HAVE TO DEAL ON DAY-TO-DAY BASIS WITH FACTORY INSPECTORS AND OWN WHITE STAFFS MOST LIMITED OFFICIAL USE

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OF WHOM DEAD SET AGAINST CHANGE. THUS HAVING LAWS ON THEIR SIDE MORE IMPORTANT THAN ENCOURAGING NOISES FROM CABINET MEMBERS. BOWDLER

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